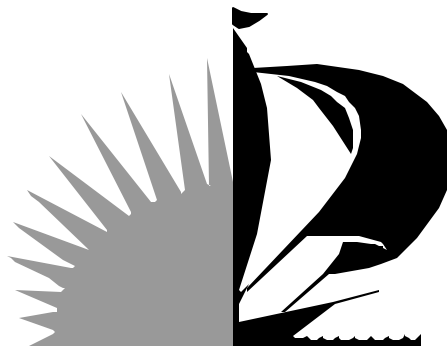


Comprehensive Annual Financial Report

of the

**City of
Fort Lauderdale, Florida**



**Fiscal Year Ended
September 30, 2000**

**Prepared by
The Finance Department**

CITY OF FORT LAUDERDALE, FLORIDA

COMMISSION - MANAGER FORM OF GOVERNMENT

CITY COMMISSION

JIM NAUGLE
Mayor

GLORIA F. KATZ
Commissioner, District I

TIM SMITH
Vice-Mayor/Commissioner, District I

CARLTON B. MOORE
Commissioner, District III

CINDI HUTCHINSON
Commissioner, District IV

CITY MANAGER
Floyd T. Johnson

CITY ATTORNEY
Dennis E. Lyles

DIRECTOR OF FINANCE
Damon R. Adams, CPA, CGFO

CONTROLLER
Joanne Rizi

TREASURER
Clyde J. Cole, CGFO

INTERNAL AUDITOR
Allyson Love

January 5, 2001

Mayor Jim Naugle
Vice Mayor Tim Smith
Commissioner Gloria F. Katz
Commissioner Carlton B. Moore
Commissioner Cindi Hutchinson
City Manager, Floyd T. Johnson

**RE: CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT -
YEAR ENDED SEPTEMBER 30, 2000**

Dear Mayor, Commissioners and City Manager:

Presented for your consideration and review is the City's Comprehensive Annual Financial Report for the year ended September 30, 2000. This report was prepared by the City's Finance Department. Although the financial statements were audited by independent accountants as stated in their report on Page 1, the responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and all disclosures, necessary to enable the reader to gain general understanding of the City's financial activity, have been included.

This Comprehensive Annual Financial Report is divided into three major sections:

1. **Introductory Section** - As the title indicates, this section introduces the reader to the report and includes the table of contents, this transmittal letter, the Certificate of Achievement awarded to the City by the Government Finance Officers Association and a City organization chart.
2. **Financial Section** - Five combined financial statements, one combining financial statement, together with the notes to the financial statements and required supplementary schedules, compose the General Purpose Financial Statements. These are the City's basic financial statements and provide an overview for users who require information about the City's finances. The remainder of the financial section presents combining statements, individual fund statements and schedules focusing on individual funds rather than fund types.
3. **Statistical Section** - While this section contains substantial financial information, these tables differ from financial statements in that they present some non-accounting data, cover more than two fiscal years, and are designed to reflect social and economic data, financial trends and the fiscal capacity of the City.

Originally chartered as a municipality under the laws of the State of Florida in 1911, the City provides general municipal services, such as police and fire protection, parks, recreation, public works and others. Certain enterprise activities including public parking, a municipal airport and the utilities of water, sewer, sanitation and stormwater are also provided. The charter was replaced by a special act of the Florida legislature in 1957 and was substantially revised in 1984.

THE FINANCIAL REPORTING ENTITY

This report includes all funds, account groups and component units of the City, in accordance with Statement No. 14 of the Governmental Accounting Standards Board entitled "The Financial Reporting Entity". The Financial Reporting Entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Sunrise Key Safe Neighborhood Improvement District (SK) is included as a component unit along with the Fort Lauderdale Community Redevelopment Agency (CRA). These organizations have been included as component units, since the City is financially accountable for and is able to impose its will on them. The transactions and balances of the CRA are blended with those of the City (primary government), while the SK financial information is discretely presented in the combined financial statements.

The City of Fort Lauderdale, Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale are related organizations, but separate and distinct, and are not included since they do not meet the established criteria for reporting herein. Along with the Performing Arts Center Authority and the DDA, the City is a participant in a joint venture in the Arts and Science District Parking Garage with each party maintaining an ongoing financial interest.

ECONOMIC CONDITION AND OUTLOOK

Strong regional economic conditions continue to thrive. Within the City a redevelopment of the downtown and beach districts reflect that there appears to be an even rosier picture. Taxable assessed value of property within the City grew by nearly \$900 thousand for FY 2000. Values now available for FY 2001 indicate another phenomenal growth of over \$1 billion. The value of construction from permits issued by the City for all properties (including tax-exempt) for FY 2000 grew by \$100 million from the previous year.

Recent economic indicators for the Fort Lauderdale / Hollywood Statistical Metropolitan Area provide insight into the local economy. The following are excerpts from statistics reported on a calendar year basis by Fishkind and Associates in their publication, "Econocast" 2001 – Annual:

	<u>1999</u>	<u>2000</u>
Population	1,490,288	1,521,565
Employment	623,838	637,531
Income (billion)	\$42.2	\$44.3
Unemployment Rate	4.2	4.3
Total Housing Starts	11,571	10,393
Commercial Construction (000)	\$1,443,104	\$1,454,077

The work of the Community Redevelopment Agency is indicative of the progress made to revitalize our community. Some of the projects during the year are itemized below:

- Attracted a major lending institution, Bank of America, to initially invest \$1 million in the Sweeting Estate area for an infill housing project.
- Secured a \$26 million residential project in Flagler Heights which in turn attracted plans for another \$40 million in residential development.
- Began comprehensive planning for infrastructure for the Flagler Heights area to support private sector investments.
- Began parcel-by-parcel planning and right of way planning for the Sistrunk Corridor.
- Purchased over \$1 million in property for re-sale to the private sector.
- Targeted the acquisition of vacant parcels in Dorsey Riverbend for a model row program.

MAJOR INITIATIVES

Listed below are excerpts from the City Publication “Building A Better Community”, which exemplifies the various initiatives undertaken by the City during the fiscal year.

Citizen Services Response System

A new, computer-based Citizen Services Response System allows the City Clerk’s Office to utilize the latest technological advancements to respond to inquiries, questions and concerns and public record requests from citizens and City staff. In addition, an expanded imaging System gives the office instant access to electronic City data, documentation and records, and facilitates internal and external research requests.

Partnerships and Outreach

The Fort Lauderdale Fire-Rescue Department continues to build partnerships with neighboring communities. The Department entered into a five-year contractual agreement with the City of Wilton Manors and the Village of Lazy Lake to provide comprehensive fire and rescue services. Fort Lauderdale residents continue to benefit from a Fire-Rescue Department that is prepared, well-trained and well-equipped. However, dangerous situations can develop that are beyond the capability of any one department. To prepare for such emergencies, the Department has entered into automatic aid

agreements with the Cities of Hollywood, Dania Beach and Oakland Park for the provision of closest unit response to specific areas needing supplemental resources.

Fire-Rescue places a special emphasis on citizen emergency preparedness through the Citizens Emergency Response Team (CERT). This award-winning program trains citizens in proper emergency response, disaster, survival and rescue skills. The Department promotes fire safety through programs with local schools. Fire Safety Week activities, and special pilot programs including smoke detector giveaways.

Crime Prevention Programs

The Police Department continues to enhance several crime control initiatives including the Bicycle Registration Program; Project Homesafe, which provides gunlocks; and the Auto Theft Prevention Program, which distributes steering wheel locking devices to the owners of the top ten most commonly stolen vehicles. The implementation of the Police Homeless Outreach Team, a proactive approach to dealing with homelessness in Fort Lauderdale, has resulted in the placement of more than 900 homeless individuals in social service programs. The team has received numerous awards and recognition including feature stories in *Police Chief* Magazine and *American City & County*. The Florida Coalition for the Homeless recognized Officer Scott Russell for his outstanding service to the homeless in Fort Lauderdale.

Construction Services

Enhancements to customer service have marked the year for the Construction Services Division, also known as the One Stop Shop. Several programs were implemented to enhance customer service and expedite the permitting process. Fax Permitting and the Specialty Permit Program were developed to increase efficiency and reduce turnaround time for issuing minor permits. Professional Days were established to allow customers to meet with staff members and key personnel on the first and third Monday of each month to answer questions, resolve concerns and expedite the issuing of permits. To increase productivity, the One Stop Shop installed a new permit file maintenance system, upgraded its operational improvements, created an online plan review system that enables customers to access comments while plans are being reviewed, and created the Zoning First Review initiative to ensure that permits are not being delayed because of zoning issues.

Parks Bond

The City continued to expand, enhance and improve its neighborhood parks through the Parks Bond initiative. Parks Bond projects, completed by the Parks and Recreation and Public Services departments, included the opening of Earl Lifshey Ocean Park, Civic Peoples Park, Welcome Park and Bark Park; the Bass Community Center expansion; Mills Pond Park batting cages, restroom and concession building; Middle River Terrace Park, and several Phase II improvements at Holiday Park. The Beach Community Center will open later this year providing residents in the Galt Ocean Mile and north beach area with a state-of-the-art leisure and recreational facility.

Downtown Helistop

Access in and out of Fort Lauderdale will be easier than ever when the City opens its new, permanent Downtown Helistop. Located in the heart of downtown Fort Lauderdale atop the City Park Mall parking garage, the Helistop will accommodate a wide range of helicopters while offering corporate executives,

business travelers and visitors convenient access to the City's Central Business District. Upon completion, the Downtown Helistop will be the first new public helicopter landing facility to open in the United States in more than two years.

NEW ACCOUNTING STANDARD

In June 1999, the Governmental Accounting Standards Board ("GASB") issued Statement No. 34, "Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments". This statement establishes new accounting and financial reporting standards for state and local governments. This statement is effective for financial statement periods beginning after June 15, 2001. The provisions of this statement establish accounting and financial reporting standards for general purpose external financial reporting and specific standards for the basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information other than MD&A. The City is currently evaluating the impact GASB 34 will have on its financial statements.

DEPARTMENTAL FOCUS - ADMINISTRATIVE SERVICES

Mission: Be the Best, Serving the Best.

The Administrative Services Department consists of Information Technology, Parking and Central Services, Personnel and Purchasing Divisions. Following are some of the accomplishments of the Administrative Services Department for the Fiscal Year 2000.

- Worked with City Traffic Engineering on a comprehensive Beach Transportation Study.
- Continued the vehicle downsizing effort initiated in FY'95/96 for the Police detective and administrative vehicles and the Park Ranger sedans. In FY'96/97, FY'97/98, FY'98/99, and FY'99/00 combined, these downsizing efforts resulted in a capital and operating cost savings of over \$250,000.
- Successfully tested and verified all City computer operations for Year 2000 (Y2K) compliance and experienced no failures or downtime as a result of the new year.
- Working with the Finance Department, successfully completed the competitive solicitation and contract negotiations for a replacement payroll/personnel/pension system.
- Assisted the Finance Department in the implementation and installation of FAMIS Graphical User Interface (GUI) software providing capability to extract financial data into Excel Spreadsheets for analytical and reporting purposes.
- Acquired and implemented Microsoft's System Management Server (SMS). SMS provides four key functions that are vital in managing PC's: collection of hardware and software inventory throughout the City; distribution and installation of software products; monitoring software usage, reporting and enforcement; troubleshooting hardware and software problems.
- With the assistance of the Purchasing Division, successfully completed contract negotiations

for the procurement of a new Citywide telephone system that will allow all City offices to have access to the voicemail and other features of the new City Hall telephone switch.

- Negotiated and recommended the award of two cable television franchises to broadband “overbuilders” to compete with the incumbent cable operator by offering cable and high speed internet access to City residents.
- Upgraded Web Server and Firewall (Security) Server to handle the increased Internet traffic and the demands of newer Internet technologies such as streaming video.
- Implemented use of the procurement card, allowing small purchases by credit card. This program has been rolled out Citywide, and has been met with real enthusiasm. The program has drastically reduced the number of individual purchase orders (RPA’s) being written for very small purchases, thus saving administrative costs.
- The City’s Purchasing Division continues to take the lead in the multi-agency, Broward County Co-Op, both as lead agency on many of the Co-Op bids, and in leadership roles. This year’s Co-Op chair is a member of the Purchasing Division.
- Began electronically transmitting purchase orders to vendors with electronic capability. This has decreased the lead-time on critical purchases.
- The National Association of Purchasing Management, and the National Purchasing Institute awarded the “Achievement of Excellence in Procurement” to the City’s Purchasing Division.
- Conducted a comprehensive non-bargaining unit Classification and Pay Study of 200+ job classes; implementation effective October 1, 2000.
- Twenty-eight training workshops conducted with a total participation of 259 employees.
- Successfully conducted labor agreement negotiations with AFSCME, F.O.P. and IAFF, the City’s three unions representing General Employees, Police Officers and Firefighters, respectively.

FUND STRUCTURE

The various fund types of the City have been classified into fund categories. These fund categories, along with their measurement focus, are explained as follows:

Governmental Funds (General, Special Revenue, Debt Service, Capital Projects)

These funds are used to account for the City's expendable financial resources and related current liabilities, except those accounted for in proprietary funds. Governmental funds are essentially accounting segregations for financial resources, and measurement focus is upon determination of financial position (sources, uses, and balances of resources) rather than upon net income determination. Basic financial statements necessary to fairly present financial position and operating results for these funds are the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance.

Proprietary Funds (Enterprise, Internal Service)

These funds are used to account for the City's ongoing activities, which are similar to those found in the private sector. Financial activity is reported in essentially the same manner as in commercial accounting where net income and capital maintenance are measured. Measurement focus is upon determination of net income, financial position and changes in financial position. The basic financial statements required for these funds are the Balance Sheet, the Statement of Revenues, Expenses and Changes in Retained Earnings, and the Statement of Cash Flows.

Fiduciary Funds (Trust and Agency)

These funds are used to account for assets held by the City in a trustee capacity. Nonexpendable and pension trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature.

Account Groups

In addition to the various fund types, a fourth category of accounting entities, account groups, is used to establish accounting control and accountability for the City's general fixed assets and general long-term debt. The City's general fixed assets (all fixed assets except those accounted for in proprietary or trust funds) are financial resources not available for expenditure. The unmatured principal of the City's general long-term debt (and other long-term liabilities not accounted for in proprietary funds) does not require use of financial resources during the current accounting period. Accordingly, these are not accounted for in the governmental funds, but in self-balancing account groups.

FINANCIAL INFORMATION

Internal Control Structure and Budgetary Control

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City proprietary funds are maintained on the accrual basis. Although the legal level of control (the point at which expenditures and encumbrances cannot legally exceed appropriations) is by department, budgetary control is maintained at the division level through the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders, which result in an overrun of balances, are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balances on September 30, 2000.

In developing and modifying the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- ! The safeguarding of assets against loss for unauthorized use or disposition; and
- ! The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- ! The cost of a control should not exceed the benefits likely to be derived; and
- ! The evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's Internal Audit Division reviews and appraises the soundness, adequacy and application of accounting, financial and administrative controls in the City's accounting system. Financial transactions and related data are examined for accuracy, completeness and authorization. Data processing applications and systems are addressed by the internal auditors at appropriate times to assess the adequacy and accuracy of controls. Also, computerized applications are reviewed to determine that they have been developed according to the policies, procedures, standards and guidelines of the City.

General Government Operations

The following discussion of general governmental functions includes information from the General Fund.

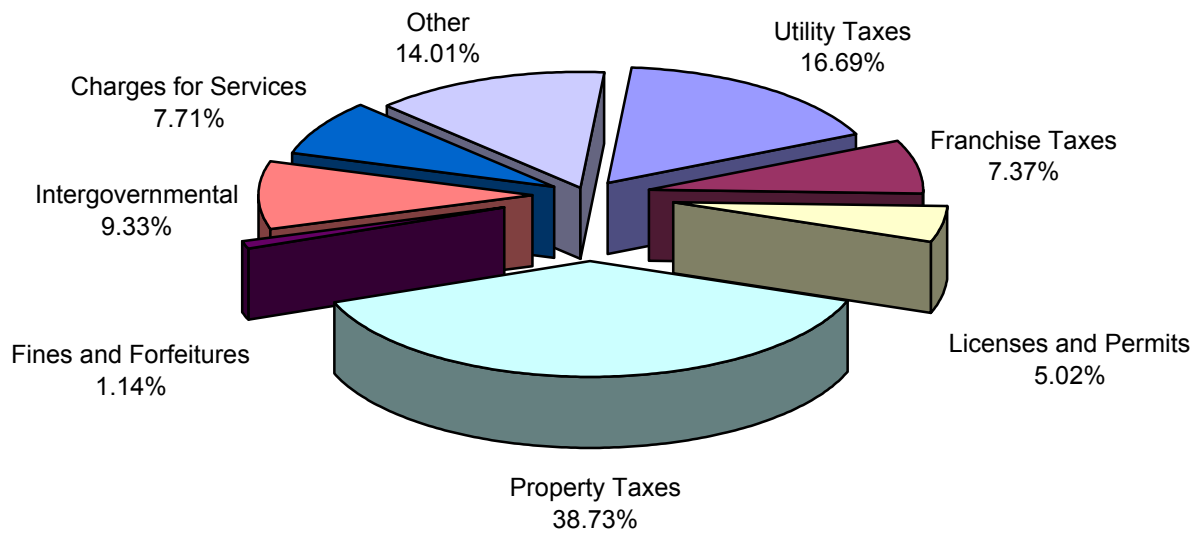
Revenues totaled \$164,162,015 in 1999/2000, an increase of 1.7% over the previous fiscal year. General property taxes remain the City's largest single source of revenue for the General Fund, representing 38.7% of revenue compared to 37.3% for the previous year.

The amount of revenue from various sources and the variance from last year are shown in the following table:

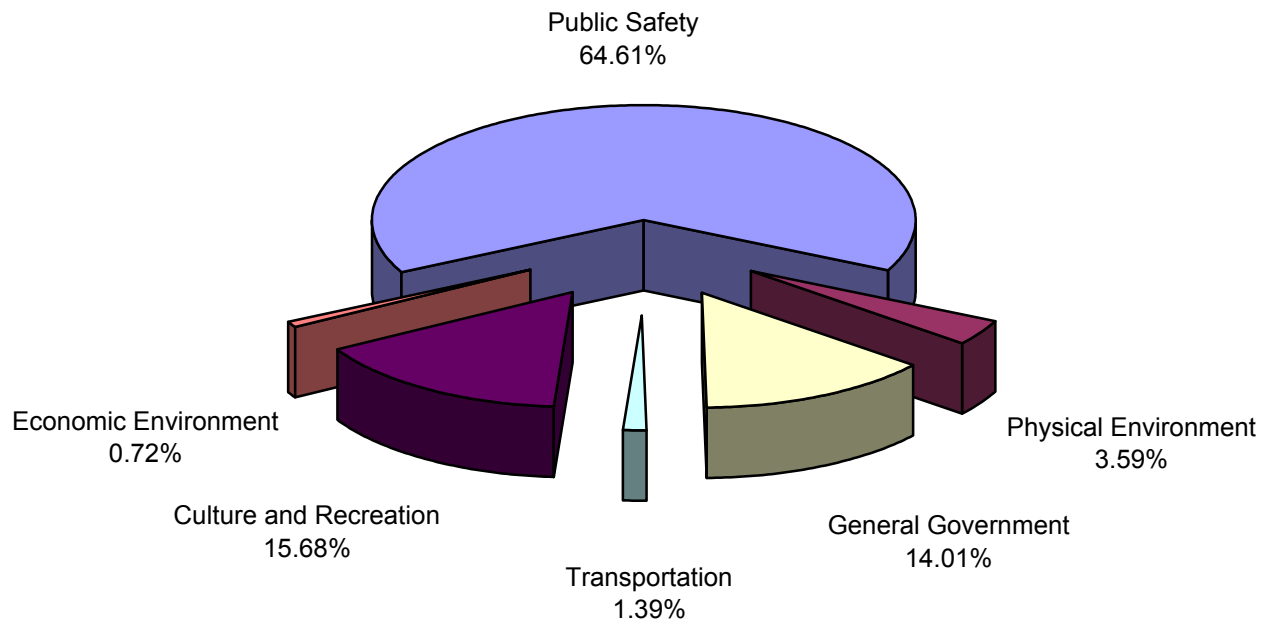
<u>Revenue Source</u>	<u>Amount</u> <u>(Thousands)</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>Over 1998-99</u>
Property taxes	\$ 63,592	38.73%	\$ 3,462
Utility taxes	27,406	16.69	(43)
Franchise taxes	12,095	7.37	(51)
Licenses and permits	8,233	5.02	371
Fines and forfeitures	1,876	1.14	(208)
Intergovernmental	15,313	9.33	236
Charges for Services	12,653	7.71	(7,651)
Other	<u>22,994</u>	<u>14.01</u>	<u>6616</u>
	<u>\$ 164,162</u>	<u>100.00%</u>	<u>\$ 2,732</u>

Relationships among revenue sources can best be grasped by reviewing the graphic illustration on page ix.

GENERAL FUND REVENUES



GENERAL FUND EXPENDITURES



The City's \$12.0 billion assessed value after exemptions represented an increase of 7.9% from the previous year. Although there is heavy reliance on property taxes to fund General Fund operations, the City's conservative policy regarding the property tax is to keep increases to a minimum. The operating millage rate increased only slightly from 5.0062 mills the previous year to 5.0415 for 1999/2000.

Utility taxes and franchise taxes remained steady compared to the previous year. Occupational licenses jumped as new businesses are beginning to make an impact on the local economy. Fines for code enforcement, while substantial, are down somewhat reflecting the prior year's settlement of certain older fines recognized in FY1998-99. A major factor in the huge reduction in the Charges for Services classification is the transfer of Dispatch Services to Broward County. In the "other" category, new assessments for Fire Department Services accounted for the majority of the increase.

General Fund Expenditures totaled \$150,893,992, an increase of 2.1% from fiscal year 1998/1999. Changes in levels of expenditure for major functions of the City are presented in the following tabulation:

<u>Functions</u>	<u>Amount (Thousands)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over 1998-99</u>
General government	\$ 21,139	14.01%	\$ (355)
Public safety	97,493	64.61	3,710
Physical environment	5,415	3.59	374
Transportation	2,103	1.39	(77)
Economic environment	1,084	0.72	(688)
Culture and recreation	<u>23,660</u>	<u>15.68</u>	<u>111</u>
	<u>\$150,894</u>	<u>100.00%</u>	\$ <u>3,075</u>

The function classification indicates the major purpose for which resources have been expended. Brief definitions of the functions are provided as follows:

General Government - Legislative, executive and staff support. Activities include City Commission, City Manager, City Attorney, City Clerk, Administrative Services, Finance, Planning and General Maintenance.

Public Safety - Protection of people and property. Police, Fire, and Protective Inspection services compose this function.

Physical Environment - Primarily engineering services for the creation and recapitalization of public infrastructure.

Transportation - Major maintenance costs for roadways, walkways, runways and waterways.

Economic Environment - The cost of providing services which develop and improve the economic condition of the community and its citizens.

Culture and Recreation - Recreation and cultural activities including parks, auditoriums, museums, theaters, stadiums and events relating thereto.

Distribution of expenditures to the various functions of government remained nearly identical as the previous year with the emphasis on public safety. Public Safety expenditures were effected by two major shifts in services between the City and the County. The County assumed Dispatch Services previously provided by the City. However, the City began to provide full scale emergency medical services in October 1999, thus incurring substantial additional expenditures. A reorganization of the Planning and Economic Development Department resulted in a shift of expenditures from Economic Environment to General Government. Culture and Recreation increased slightly as a percentage of the total since operational expenditures related to the parks bond program continue to have an impact.

The graph on page ix shows the percentage share of General Fund expenditures by function, further illustrating resource allocation.

The total Unreserved General Fund balance at the end of the year was \$5,968,954, of which \$4,459,690 was designated for subsequent years' expenditures.

Enterprise Operations

Enterprise funds are used:

- (a) to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily by user charges; or
- (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The following five activities have been determined by the City as meeting the previous criteria and are included in this report as enterprise funds. Comparative data are as follows:

	Operating Revenues (Thousands)		Net Income (Loss) (Thousands)	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Water and Sewer	\$ 60,886	59,351	16,421	13,181
Sanitation	17,592	17,160	(2,894)	1,404
Parking System	7,210	7,448	(111)	1,653
Airport	4,075	3,663	1,166	766
Stormwater	2,901	2,470	922	549

Financial highlights of these funds appear below:

Water and Sewer Fund

Gross revenue and especially net income are growing in this fiscally sound enterprise. Net income increased by 25% from the prior year contributing to an increase in working capital. Current water use restrictions will have a negative impact on financial operation of the system for the coming year. Rates are being adjusted to minimize the impact. An ambitious 20 year capital improvement program resulted from a recent master plan update of the system which is now under consideration by the City Commission. This would involve new revenue bond debt for the system in the next few years of

approximately \$300 million.

Sanitation Fund

The substantial swing in the net income from FY 1999 to FY 2000 requires an explanation. During the year, the present value of future annual post closing costs to maintain and monitor the site were recorded as a liability in the fund. The amount of the adjustment was \$4.69 thousand. Without the need to record the present value of estimated postclosure costs for the next 30 years, the net income of the fund would have increased by over \$300 thousand from the previous year. It is anticipated that the fund’s future operations will easily provide adequate coverage for operating expenses and debt service payments.

Parking System Fund

Due to a planned one-time \$1.5 million transfer of excess working capital funds to the General Fund the parking fund experienced a small net loss. This is of little concern since it represents funds held in the parking system from a bond reserve no longer required because the reserve is now insured. Working with an outside consultant the Parking System Division implemented a number of initiatives to improve operations. Duties and Responsibilities of several positions were realigned, employee training was accelerated and parking administration software was upgraded to improve efficiency and enhance customer service.

Airport Fund

Financial operations of the airport are stabilized by a well established set of fixed base operators and long-term lease tenants. The Airport was granted approval to establish a Foreign-Trade Zone during the year which includes seven sites encompassing nearly 1,300 acres. The Airport will serve as the hub site for the Zone, which will allow businesses to defer, reduce or eliminate costly U.S. Customs duties and federal excise taxes associated with importing and exporting products.

Stormwater Fund

Although this is the City’s newest enterprise fund it has been operating for eight years. A substantial portion of the earnings of this fund continue to be earmarked for capital projects.

Pension Operations

Two defined benefit plans are maintained for employee retirement, namely the General Employees Retirement System and the Police and Firefighters Retirement System.

City contributions to the plans for fiscal year 1999/2000 were as follows:

	<u>Amount</u>	<u>Percent of Additions to Plan Net Assets</u>
General Employees Retirement System	\$ 4,187,028	9.0%
Police and Firefighters Retirement System	\$ 4,841,916	10.0%

In total, these contributions are approximately \$2.7 Million less than in 1998/1999.

Debt Administration

Near the close of the year, the City issued its first Sanitation Revenue Bonds in the amount of \$5,740,000 for the remediation of the old Wingate landfill and incinerator site. The bonds were sold via a competitive process to the banking community. In addition, a ten-year variable rate loan was obtained from the Sunshine State Governmental Financing Commission to fund the acquisition of a new citywide telephone system and to replace our current payroll/personnel system.

Useful indicators of the City's debt position are the ratio of net bonded debt to assessed valuation and amount of bonded debt per capita. This information for the City of Fort Lauderdale at the end of the 2000 fiscal year appears as follows:

	<u>Amount</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
Net direct ad valorem tax supported debt	\$ 54,072,124	.36%	\$ 363.14
Net direct excise tax supported debt	\$ <u>24,195,000</u>	.16%	\$ <u>162.49</u>
Total net direct bonded debt	\$ <u>78,267,124</u>	.52%	\$ <u>525.63</u>

The preceding summary includes only non-self-supporting debt. The history of the debt service coverage of the self-supporting debt (enterprise fund debt) is excellent and is presented in the statistical section of this report. Required principal, interest and reserves on outstanding debt were provided for during the year. Bond ratings continued to reflect that the City's uninsured bonds have the characteristics of strong investment quality as follows:

	<u>Standard & Poor's</u>	<u>Moody's Investor's Service</u>	<u>Fitch IBCA</u>
General Obligation Bonds	AA	Aa2	
Excise Tax			
Improvement Bonds	A+	A1	
Water and Sewer			
Revenue Bonds	AA-	Aa2	
Sanitation Revenue Bonds		A1	A+

Cash Management

Diverse operations of the various funds of the City dictate the necessity for a sophisticated cash management system to control and actively utilize cash as a financial resource.

Highlights of our various investment activities are presented as follows:

Bank Deposits – Interest on Checking

The amount of cash in this investment is structured to meet forecasted cash requirements. This account

has fluctuated between \$231,400 and \$19,604,314, depending on cash needs for debt service, bond sales and incoming cash flows. The average balance in the operating account for the fiscal year was \$5,224,923.

State Investment Pool

The fiscal year rate of return for the Pool was 6.2% with an average investment duration of 20 days. This State operated pool is one of the City's main investment vehicles. Since it is able to spread its costs over such a large base, the administrative fees are kept to a minimum. Management of the program is considered excellent, investments are in high quality products with excellent safety, liquidity, yield and oversight by State officials.

Florida Municipal Trust

The Trust has expanded to six programs ranging from Diversified Equities to Short Term (1-3 Year) High Quality Bond fund. The City participates in the high quality bond fund. Over the past year, this fund has returned a very respectable 6.41%, compared to its benchmark, the 1-3 year Merrill Lynch Government Index, which returned 6.18%. As of September 30th, this investment was valued at \$12,685,831.

Independent Potfolio Management

In an effort to increase yield on our investments, the investment duties of a portion of the portfolio (\$50,000,000) were assigned to Public Financial Management (PFM) in October 1999. PFM was given broad latitude to invest funds, but were limited to the restrictions of the City's investment policy. Quarterly management reports are provided reflecting results for the period. PFM returned \$3,595,084 for a total market yield of 6.64% for the year.

Treasury Bonds

As far as preservation of principal, one of the safest investment vehicles available to the City is U.S. Treasury debt. As of September 30th, we had \$3,000,000 in U.S. Treasury Bond investments.

In summary, over the previous fiscal year, the entire investment portfolio of pooled funds described above, returned \$11,870,919 on an average invested balance of \$183,899,200. This resulted in an overall rate of return on City investments of 6.46%. In addition to our pooled investments, our various non-pooled investments, managed by the Finance Department, earned \$2,179,169 on an average balance of \$35,657,296 for an effective rate of return of 6.11%.

Risk Management

Nearly all insurance is administered through the City Insurance fund. A major portion of the insurance program involves self-insurance. The City is currently self-insured in the areas of workers' compensation, employee relations, general liability, automobile liability, and police professional liability. Premiums in excess of claims charged to the various operating funds over the years have been retained in the fund to provide for stability and protection against catastrophic losses as recommended by the City's Insurance Advisory Board.

The Risk Management Division administers programs for employee safety, loss prevention, property,

casualty, health, dental, life and other benefit programs. This past year, the Division completed a major undertaking when, after extensive research and analysis, it consolidated, integrated and improved the City's Employee Health Benefit Plans via self-insurance using a nationwide network of providers.

As of the end of the current fiscal year, fund equity is \$873,328.

Intergovernmental Revenue

A considerable source of funds is provided to the City from various federal, state and county agencies.

The sources of intergovernmental revenue received by the City during the year are summarized by fund type as follows:

	Fund Type				
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Federal Government \$	0	12,336,806	0	1,143,223	13,480,029
State of Florida	12,999,621	1,256,044	768,340	916,552	15,940,557
Broward County	2,188,369	1,058,868	1,206,982	44,175	4,498,394
Other Local Units	<u>124,619</u>	<u>257,211</u>	<u>364,057</u>	<u>0</u>	<u>745,887</u>
	<u>\$15,312,609</u>	<u>14,908,929</u>	<u>2,339,379</u>	<u>2,103,950</u>	<u>34,664,867</u>

OTHER INFORMATION

Independent Audit

As required by Section 10.02 of the City Charter, an examination of the books of account, financial records and transactions of all administrative departments of the City has been conducted by a firm of Certified Public Accountants. The report of Arthur Andersen, LLP Certified Public Accountants (Page 1 of this report) contains their opinion as to the fair presentation of the City's financial statements. Sharpton Brunson & Company, P.A. participated with Arthur Andersen in the independent audit.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Lauderdale, Florida for its comprehensive annual financial report for the fiscal year ended September 30, 1999. This was the twenty-second consecutive year that the City received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual budget prepared for the fiscal year covered by this Comprehensive Annual Financial Report. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. We are pleased that this is the thirteenth consecutive year that we have received this distinction.

Acknowledgments

A quality comprehensive financial report such as the one being transmitted with this letter requires a committed and dedicated staff. The preparation of the report directed by Controller, Joanne Rizi, represents many hours of extraordinary effort on the part of many. The accountants of the Central Accounting and Treasury divisions, together with other staff support, produced an excellent document telling the financial story of the City as of and for the year ended September 30, 2000. The cooperation of the independent auditors is graciously acknowledged. Sincere appreciation is expressed to everyone for their tireless efforts.

Respectfully submitted,

Damon R. Adams, C.P.A.
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Lauderdale,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

THE PEOPLE OF FORT LAUDERDALE

